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Trustees

Roger Klodt, Chairman Michael T. Lang Susan White Mary Rodenbucher, Fiscal Officer

February 23, 2012

Governor John Kasich Riffe Center 77 South High Street, 30th Floor Columbus, OH. 43215

Dear Governor Kasich and Ohio Legislators,

For the past year the residents of our rural community of 5,500 have become increasingly aware of the coming activity related to the oil and gas production utilizing horizontal drilling and hydraulic fracturing of the Utica and Marcellus Shale in our area. Though some understand the economic benefit of this activity, a growing movement to ban the drilling due to potential detrimental environmental aspects has continued.

As the local government, we understand that the issues related to this are complicated and are currently the responsibility of the State of Ohio and the Ohio Department of Natural Resources Division of Oil & Gas Resource Management. These facts do not make our situation any easier when we are left to deal with the residents that we serve who have real concerns over future problems with their water supplies, air quality, noise, traffic problems and damage to roads that we maintain with their tax money.

We understand that drilling for oil and gas in the Utica Shale can be safe and productive, create jobs, stimulate business investment and lead to increased tax revenues. These are all positive aspects that will strengthen our community and contribute to our energy independence. But we request that you acknowledge that this must be done under more oversight by appropriate government agencies.

We wish to lend our voice on behalf of our residents to request your action on the following items to increase the safety of the above activity and if the safety of hydraulic fracturing can't be assured 100% we request a moratorium on the practice till it can be done safely.

- 1. We request an increase funding mechanism to the Ohio Department of Natural Resources. While the ODNR may be able to manage its current workload, the increase of drilling in our community and the state it will require more inspectors and compliance officers than current staffing levels will allow. The ODNR will also be in competition with energy companies for personnel. We request that the state look at additional ODNR funding opportunities through fees and taxes on the private drilling sector.
- 2. We request that ODNR personnel receive training specific to the horizontal drilling and hydraulic fracturing process. This will help personnel interact efficiently with the energy companies they work with, and ensure that these companies are being forthcoming and truthful about their operations. We further request that ODNR inspectors are always on site during critical times of well drilling. It is our understanding that the inspectors are on site for most critical drilling operations, but not all. Greater on-site presence will help ensure that safety, quality and process

requirements are consistently met by the energy companies and their sub-contractors.

- 3. We also believe in the permitting process, it is critical that ODNR mandate that producers benchmark groundwater quality before drilling and monitor it throughout well completion for hydraulic fracturing chemicals, methane gas and other contaminants. Such permitting should account for geology, aquifer characteristics, population and location of occupied structures as well as location of sensitive receptors such as streams and existing groundwater wellhead production areas. ODNR geologists should permit each individual drill operation with specialized well construction requirements as needed, including groundwater flow rates. Water quality in all these areas should also be monitored for the appropriate time period after completion of the drilling and fracturing process to assure the continued future water quality.
- 4. We request the development of containment standards to minimize the potential damage of onsite spills. Specifically setting area and height requirements for containment liners to reduce the chance of spills impacting surrounding land, structures, roads and bodies of water. Also, require that a site remediation plan be developed prior to drilling that accounts for potential breaches of the site area.
- 5. We further request that it be required that energy companies and their sub-contractors provide easy access to the chemical information for regulatory agencies and emergency first responders. Through bar code identification of chemicals used in the fracturing process, necessary parties will be able to respond more quickly to spill events and expedite remediation and emergency medical activities.
- 6. We request that inspection of well construction and, to the extent possible, materials construction be done. We understand that errors in well construction, casing and concrete placement are the most common causes of problems in hydraulic fracturing. Once identified, improper well construction must either be corrected or plugged in accordance with ODNR regulations.
- 7. We strongly request that the appropriate state and local authorities regulate the disposal of fracturing materials, flow back and brine as specified in current state regulations. Disposal of fracturing materials, flow back and brine should only be permitted in licensed injection wells and never in wastewater treatment facilities or a local body of water. If other states are permitted to dispose of their fracturing materials in Ohio, the state should consider charging higher fees on out-of-state disposal than what is charged to Ohio drillers.
- 8. Minimum applicable standards should be created that must be met by energy companies and subcontractors to work in Ohio. To promote the highest quality of workmanship at all stages of the drilling and fracturing process, the ODNR should create a checklist of requirements that include surety bonds issued by a highly rated carrier (A + or AA) and public liability insurance. The agency should consider setting more stringent standards for companies working in high-risk areas, such as densely-populated areas, areas near aquifers serving larger populations, and locations close to bodies of water. Drillers found to be problematic must be suspended temporarily or permanently. This should continue to be managed through the ODNR's existing claims process, which assesses and prioritizes both the magnitude and urgency of issues and identifies required action.
- 9. We also request that the State of Ohio take the appropriate measures to advocate to close or appropriately reduce the exemptions given to the oil and gas industry by the EPA to the Clean Air and Water Acts. With the obvious problems experienced in other locations around the country these changes are prime to be addressed at the federal level.
- 10. The above items for the most part are, specific items to the well site locations and are best overseen by the oil and gas regulatory agencies, but with the activity also comes infrastructure to distribute the produced material. Abuse of our roadways, destruction of vegetation and detrimental visual impacts in the areas because of drilling activity.

- 11. It appears at this time the production is done close to the State Routes and on non-state routes the County Engineer has the ability to oversee the road quality during the drilling process, but the problem is enforcement of traffic long after the initial drilling is done. This fact should be taken into consideration and further bolster the County and Township Road Department ability to enforce road load limits and the ability for relief from the costs related to this activity.
- 12. We request that the State of Ohio create a mechanism so that the County Soil and Water Districts have the ability to intervene when a detrimental situation is created by production roads and pipelines that affect the water flow ether by creating a flooding situation or excess erosion of an area.
- 13. We also request that township zoning resolutions be taken into consideration and respected when an area is to become a commercial use in a residentially zoned district for an extended period of time, i.e. tank batteries and compressor stations. Regulations could be crafted to allow these uses conditionally with screening, and sound proofing etc. to reduce the impact in residential areas. For example a wellhead has minimal impact, but a complex containing all the above components would clearly interrupt a clearly residential area.

In conclusion the above recommendations are made in a sincere attempt to advocate for mitigating the risks of shale-gas production in the Marcellus and Utica shale gas regions. Disclosure of chemicals in the fracking fluid, tighter air-quality control, enhanced well casings, prohibition of surface drilling under certain conditions, tight monitoring of gas well operations, and strict enforcement and continuous assessment of regulations by state and local governments taken into consideration would still make a large amount of the Utica Shale where gas extraction is viable.

Shale-gas production and fracking will have a substantial effect on the environment because such operations have the potential to draw substantial development into any area that these activities are undertaken and would result in unavoidable impacts to habitats, species distributions and populations, and overall natural resource biodiversity. Increasing the regulations would reduce the adverse effects of shale-gas production on small towns and rural communities. An important recommendation is to issue permits only after the state regulators consult with gas producers and communities to mitigate adverse impacts at the local and regional levels. Our community recognizes the benefits of shale-gas production in creating new jobs and boosting incomes. That production would increase local and state tax revenues but also would require an increase in government services. That will unfortunately leave us to bear the unfunded burden on a local level if we continue the present pattern of oil and gas production in the State of Ohio.

Susan White

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